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**IN THE UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

APARTMENT HUNTERS, INC. *et al.*,

Defendants.

No. 8:18-CV-1636-AG (DFMx)

PRELIMINARY INJUNCTION

On September 11, 2018, the Federal Trade Commission (“Commission”), filed its Complaint for Permanent Injunction and Other Equitable Relief pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b) against Apartment Hunters, Inc., also doing business as WeTakeSection8.com, ApartmentHunterz.com, and FeaturedRentals.com, Real Estate Data Solutions, Inc., Rental Home Listings Inc., UAB Apartment Hunters LT, Steven Shayan, and Kevin Shayan. (Docket No. 1). The Commission applied for a temporary restraining order (“TRO”) and for an order to show cause why a preliminary injunction should not issue pursuant to Rule 65 of the Federal Rules of Civil Procedure. (Docket No. 9). On September 13, 2018, the Court issued a TRO against all Defendants and ordered Defendants to appear before the Court on September 24, 2018 to show cause why the Court should not enter a preliminary injunction, pending final ruling on the Complaint against Defendants, enjoining the

1 violations of the law alleged in the Complaint, continuing the preservation of their  
2 Assets, and imposing such additional relief as may be appropriate. (Docket No.  
3 14). At the September 24, 2018 hearing, the Court ruled that the Temporary  
4 Restraining Order was converted into a Preliminary Injunction. The Court, having  
5 considered the Complaint, declarations, exhibits, memoranda and argument  
6 presented, makes the following findings of fact and conclusions of law:

### 7 **FINDINGS**

8 A. This Court has jurisdiction over the subject matter of this case, and  
9 there is good cause to believe that it will have jurisdiction over all parties hereto  
10 and that venue in this district is proper.

11 B. Defendants make false, misleading, or unsubstantiated claims that  
12 consumers who subscribe to their websites find rental housing, including housing  
13 that is approved for Section 8 Housing Vouchers, within seven business days or  
14 less, that the rental listings on the Defendants' websites are accurate, up-to-date,  
15 and available for consumers to rent, that Defendants have exclusive rights to list  
16 certain rental listings on their websites, and that consumers cannot find these  
17 listings on free websites.

18 C. There is good cause to believe that Defendants have engaged in and  
19 are likely to engage in acts or practices that violate Section 5(a) of the FTC Act, 15  
20 U.S.C. § 45(a), and that Plaintiff is therefore likely to prevail on the merits of this  
21 action. The FTC has established a likelihood of success in showing that  
22 Defendants have made material misrepresentations in the promotion and sale of  
23 subscriptions for rental listings to numerous consumers, as demonstrated by screen  
24 captures of Defendants' websites, declarations and complaints from consumers,  
25 declarations and complaints from landlords, a declaration from a representative of  
26 the Housing Authority for San Bernardino County, the declaration of a FTC  
27 investigator, and the additional documentation filed by the FTC.  
28

1 D. There is good cause to believe that immediate and irreparable harm  
2 will result from Defendants' ongoing violations of the FTC Act unless Defendants  
3 are restrained and enjoined by order of this Court.

4 E. There is good cause to believe that immediate and irreparable damage  
5 to the Court's ability to grant effective final relief for consumers—including  
6 monetary restitution, rescission, disgorgement or refunds—will occur from the  
7 sale, transfer, destruction or other disposition or concealment by Defendants of  
8 their Assets, unless Defendants are immediately restrained and enjoined by order  
9 of this Court from doing so outside the ordinary course of business.

10 F. There is good cause to believe that immediate and irreparable damage  
11 to the Court's ability to resolve the case on the merits will occur absent a Court  
12 Order requiring the preservation of Defendants' documents, records, and databases.

13 G. Defendants have been noticed and provided an opportunity to defend  
14 Plaintiff's request for a Preliminary Injunction.

15 H. Good cause exists permitting the Plaintiff to take limited expedited  
16 discovery.

17 I. Weighing the equities and considering Plaintiff's likelihood of  
18 ultimate success on the merits, a temporary restraining order with expedited  
19 discovery, a prohibition on listing, or marketing or selling access to, rental listings  
20 for properties that accept, or purportedly accept, Section 8 vouchers or other  
21 government housing subsidies, and other equitable relief is in the public interest.

22 J. This Court has authority to issue this Order pursuant to Section 13(b)  
23 of the FTC Act, 15 U.S.C. § 53(b) and Federal Rule of Civil Procedure 65.

24 K. No security is required of any agency of the United States for issuance  
25 of a temporary restraining order. Fed. R. Civ. P. 65(c).

## 26 DEFINITIONS

27 For the purpose of this Order, the following definitions shall apply:  
28

1           A.     **“Advertisement”** or **“advertising”** means any written or verbal  
2 statement, illustration, or depiction that promotes the sale of a good or service or is  
3 designed to increase consumer interest in a brand, good, or service. Advertising  
4 media include, but are not limited to, packaging and labeling; promotional  
5 materials; print; television; radio; mobile applications; and Internet, social media,  
6 and other digital content.

7           B.     **“Asset”** includes any legal or equitable interest in, right to, or claim  
8 to, any real and personal property, including, but not limited to, websites, chattel,  
9 goods, instruments, equipment, fixtures, general intangibles, inventory, checks,  
10 notes, leaseholds, effects, contracts, mail or other deliveries, shares of stock,  
11 interest in mutual funds, lists of consumer names, accounts, credits, premises,  
12 receivables, funds, and cash, wherever located, whether in the United States or  
13 abroad.

14           C.     **“Corporate Defendant(s)”** means Apartment Hunters, Inc., also d/b/a  
15 WeTakeSection8.com, ApartmentHunterz.com, and FeaturedRentals.com; Real  
16 Estate Data Solutions, Inc.; Rental Home Listings Inc.; UAB Apartment Hunters  
17 LT; individually or collectively, and each of their subsidiaries, affiliates,  
18 successors, and assigns.

19           D.     **“Defendant(s)”** means Corporate Defendants, Kevin Shayan, and  
20 Steven Shayan, individually, collectively, or in any combination.

21           E.     **“Document”** is synonymous in meaning and equal in scope to the  
22 usage of “document” and “electronically stored information” in Federal Rule of  
23 Civil Procedure 34(a), Fed. R. Civ. P. 34(a), and includes writings, drawings,  
24 graphs, charts, photographs, sound and video recordings, images, Internet sites,  
25 web pages, websites, databases, electronic correspondence, including e-mail, chats,  
26 and instant messages, contracts, accounting data, advertisements, FTP Logs, Server  
27 Access Logs, books, written or printed records, handwritten notes, telephone or  
28 videoconference logs, telephone scripts, receipt books, ledgers, personal and

1 business canceled checks and check registers, bank statements, appointment books,  
2 computer records, customer or sales databases and any other electronically stored  
3 information, including Documents located on remote servers or cloud computing  
4 systems, and other data or data compilations from which information can be  
5 obtained directly or, if necessary, after translation into a reasonably usable form. A  
6 draft or non-identical copy is a separate document within the meaning of the term.

7 F. **“Housing Voucher”** means a rent subsidy voucher issued by a  
8 government housing agency pursuant to Section 8 of the United States Housing  
9 Act of 1937, 42 U.S.C. § 1437f.

10 G. **“Individual Defendants”** means Kevin Shayan and Steven Shayan,  
11 individually or collectively.

## 12 **ORDER**

### 13 **I. PROHIBITION AGAINST LISTING AND MARKETING OF** 14 **GOVERNMENT-SUBSIDIZED RENTAL HOUSING, INCLUDING** 15 **ANY RENTAL PROPERTIES THAT ACCEPT HOUSING** 16 **VOUCHERS**

17 **It is Ordered that** Defendants are restrained and enjoined from advertising,  
18 marketing, promoting, offering for sale, or selling, or assisting others in the  
19 advertising, marketing, promoting, offering for sale, or selling of, access to rental  
20 listings for properties that have been approved for, accept, or purportedly accept  
21 Housing Vouchers or any type of government rent subsidy.

### 22 **II. PROHIBITION AGAINST THE USE OF CERTAIN TERMS IN** 23 **CONNECTION WITH MARKETING OF ACCESS TO RENTAL** 24 **LISTINGS**

25 **It is further Ordered that** Defendants, Defendants’ officers, agents,  
26 employees, and attorneys, and all other persons in active concert or participation  
27 with any of them, who receive actual notice of this Order by personal service or  
28 otherwise, whether acting directly or indirectly, in connection with the advertising,

1 marketing, promoting, offering for sale, or selling of subscriptions or access to  
2 rental listings are restrained and enjoined from using in any domain names,  
3 Uniform Resource Locators (URLs) for public-facing websites, keywords  
4 purchased to advertise Defendants' services on search engines, mobile  
5 applications, or business names or aliases, any of the following terms:

- 6 • "Section 8,"
- 7 • "Voucher,"
- 8 • "Subsidized,"
- 9 • "Affordable housing,"
- 10 • "Low-income,"
- 11 • "Public housing,"
- 12 • "Income-based," or
- 13 • "Project-based."

14 **III. PROHIBITION AGAINST DECEPTIVE CLAIMS RELATING TO**  
15 **RENTAL LISTINGS, INCLUDING FALSE OR UNSUBSTANTIATED**  
16 **CLAIMS**

17 **It is further Ordered that** Defendants, Defendants' officers, agents,  
18 employees, and attorneys, and all other persons in active concert or participation  
19 with any of them, who receive actual notice of this Order by personal service or  
20 otherwise, whether acting directly or indirectly, in connection with the advertising,  
21 marketing, promoting, offering for sale, or selling of subscriptions or access to  
22 rental listings are restrained and enjoined from:

23 A. making any misrepresentation, or assisting others in making any  
24 misrepresentation, expressly or by implication:

- 25 1. about the number of listings contained in any website or  
26 database;
- 27 2. about the length of time it takes users of a website or database  
28 to find rental housing;



1 marketing, promoting, offering for sale, or selling of any good or service are  
2 restrained and enjoined from misrepresenting, or assisting others in  
3 misrepresenting, expressly or by implication: the total costs; any material  
4 restrictions, limitations, or conditions; any material aspect of its performance,  
5 efficacy, nature, or central characteristics; the nature or terms of a refund or  
6 cancellation; or any other material fact.

7 **V. PRESERVATION OF DOCUMENTS, RECORDS, AND DATABASES**

8 **It is further ordered that** Defendants, Defendants' officers, agents,  
9 employees, and attorneys, and all other Persons in active concert or participation  
10 with any of them, who receive actual notice of this Order, whether acting directly  
11 or indirectly, are hereby restrained and enjoined from:

12 A. Destroying, erasing, falsifying, writing over, mutilating, concealing,  
13 altering, transferring, or otherwise disposing of, in any manner, directly or  
14 indirectly, Documents, records, or databases that relate to: (1) the business,  
15 business practices, Assets, or business or personal finances of any Defendant; (2)  
16 the business practices or finances of entities directly or indirectly under the control  
17 of any Defendant; or (3) the business practices or finances of entities directly or  
18 indirectly under common control with any other Defendant; and

19 B. Failing to create and maintain Documents that, in reasonable detail,  
20 accurately, fairly, and completely reflect Defendants' incomes, disbursements,  
21 transactions, and use of Defendants' Assets.

22 **VI. DISTRIBUTION OF ORDER BY DEFENDANTS**

23 **It is further ordered that** Defendants shall immediately provide a copy of  
24 this Order to each affiliate, telemarketer, marketer, sales entity, successor, assign,  
25 member, officer, director, employee, agent, independent contractor, client, attorney,  
26 spouse, subsidiary, division, and representative of any Defendant, and shall, within  
27 ten (10) days from the date of entry of this Order, provide Plaintiff with a sworn  
28 statement that this provision of the Order has been satisfied, which statement shall



1 include the names, physical addresses, phone number, and email addresses of each  
2 such person or entity who received a copy of the Order. Furthermore, Defendants  
3 shall not take any action that would encourage officers, agents, members, directors,  
4 employees, salespersons, independent contractors, attorneys, subsidiaries,  
5 affiliates, successors, assigns or other persons or entities in active concert or  
6 participation with them to disregard this Order or believe that they are not bound  
7 by its provisions.

## 8 **VII. ASSET PRESERVATION**

9 **It is further ordered that** Defendants shall take all steps necessary to  
10 preserve Defendants' Assets, as well as the Assets of its affiliated companies, and  
11 to refrain from liquidating, converting, encumbering, pledging, loaning, selling,  
12 dissipating, disbursing, granting a lien or security interest or other interest in, or  
13 otherwise disposing of any funds, real or personal property, or other Assets, outside  
14 of the ordinary course of business.

## 15 **VIII. FINANCIAL DISCLOSURES**

16 **It is further ordered** that within five (5) days following the service of this  
17 Order, each Defendant that has not provided complete financial disclosures  
18 pursuant to the TRO entered on September 13, 2018 (Docket No. 14), shall prepare  
19 and deliver to Plaintiff's counsel:

20 A. completed financial statements on the forms attached to this Order as  
21 **Attachment A** (Financial Statement of Individual Defendant) for each Individual  
22 Defendant, and **Attachment B** (Financial Statement of Corporate Defendant) for  
23 each Corporate Defendant;

24 B. completed **Attachment C** (IRS Form 4506, Request for Copy of a  
25 Tax Return) for each Individual and Corporate Defendant.

## 26 **IX. LIMITED EXPEDITED DISCOVERY**

27 **It is further ordered** that, notwithstanding the provisions of the Fed. R. Civ.  
28 P. 26(d) and (f) and 30(a)(2)(c), and pursuant to Fed. R. Civ. P. 30(a), 34, and 45,

1 Plaintiff is granted leave, at any time after service of this Order, to conduct limited  
2 expedited discovery for the purpose of discovering: (1) the nature, location, status,  
3 and extent of Defendants' Assets; (2) the nature, location, and extent of  
4 Defendants' business transactions and operations; (3) Documents reflecting  
5 Defendants' business transactions and operations; or (4) compliance with this  
6 Order. The limited expedited discovery set forth in this Section shall proceed as  
7 follows:

8       A. Plaintiff may take the deposition of parties and non-parties. Forty-  
9 eight (48) hours' notice shall be sufficient notice for such depositions. The  
10 limitations and conditions set forth in Rules 30(a)(2)(B) and 31(a)(2)(B) of the  
11 Federal Rules of Civil Procedure regarding subsequent depositions of an individual  
12 shall not apply to depositions taken pursuant to this Section. Any such deposition  
13 taken pursuant to this Section shall not be counted towards the deposition limit set  
14 forth in Rules 30(a)(2)(A) and 31(a)(2)(A) and depositions may be taken by  
15 telephone or other remote electronic means;

16       B. Plaintiff may serve upon parties requests for production of Documents  
17 or inspection that require production or inspection within five (5) calendar days of  
18 service, provided, however, that three (3) calendar days of notice shall be deemed  
19 sufficient for the production of any such Documents that are maintained or stored  
20 only in an electronic format.

21       C. Plaintiff may serve upon parties interrogatories that require response  
22 within five (5) calendar days after Plaintiff serves such interrogatories;

23       D. The Plaintiff may serve subpoenas upon non-parties that direct  
24 production or inspection within five (5) calendar days of service.

25       E. Service of discovery upon a party to this action, taken pursuant to this  
26 Section, shall be sufficient if made by facsimile, email, or by overnight delivery.

27       F. Any expedited discovery taken pursuant to this Section is in addition  
28 to, and is not subject to, the limits on discovery set forth in the Federal Rules of

1 Civil Procedure and the Local Rules of this Court. The expedited discovery  
2 permitted by this Section does not require a meeting or conference of the parties,  
3 pursuant to Rules 26(d) & (f) of the Federal Rules of Civil Procedure.

4 G. The Parties are exempted from making initial disclosures under Fed.  
5 R. Civ. P. 26(a)(1) until further order of this Court.

#### 6 **X. SERVICE OF THIS ORDER**

7 **It is further ordered that** copies of this Order may be served by any means,  
8 including facsimile transmission, electronic mail or other electronic messaging,  
9 personal or overnight delivery, U.S. Mail or FedEx, by agents and employees of  
10 Plaintiff, by any law enforcement agency, or by private process server, upon any  
11 Defendant or any Person (including any financial institution) that may have  
12 possession, custody or control of any Asset or Document of any Defendant, or that  
13 may be subject to any provision of this Order pursuant to Rule 65(d)(2) of the  
14 Federal Rules of Civil Procedure. For purposes of this Section, service upon any  
15 branch, subsidiary, affiliate or office of any entity shall effect service upon the  
16 entire entity.

#### 17 **XI. CORRESPONDENCE AND SERVICE ON PLAINTIFF**

18 **It is further ordered that,** for the purpose of this Order, all correspondence  
19 and service of pleadings on Plaintiff shall be addressed to:

20 Rhonda Perkins (rperkins@ftc.gov)

21 Amanda Grier (agrier@ftc.gov)

22 Federal Trade Commission

23 600 Pennsylvania Ave., NW

24 Mailstop CC-8528

25 Washington, DC 20580

26 Fax: 202-326-3395

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**SO ORDERED**, this 27th day of September, 2018, at 10:25 a.m.

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ANDREW J. GUILFORD  
UNITED STATES DISTRICT JUDGE